

Tuna Fishing deal viable, argues Government

(2013-11-29) The Mozambique Tuna Company (EMATUM) is not “a ghost company”, as claimed by Renamo, but has been legally set up, with offices, company bodies and a tax identification number, declared Fisheries Minister Vitor Borges on Thursday, in the country’s parliament, the Assembly of the Republic.

EMATUM is mired in controversy because of the purchase of 24 tuna fishing vessels and six patrol boats from a shipyard in Cherbourg, France. This was financed by EMATUM issuing bonds to the total value of 850 million US dollars on the European markets. Repayment of the bonds, at 8.5 per cent interest, has been guaranteed by the Mozambican government.

On the second day of a parliamentary debate on the matter, Borges said that, contrary to opposition claims on Wednesday that the state owns 85 per cent of EMATUM, in reality the figure is only 67 per cent,

But the true shareholding structure of EMATUM can be readily found in the official gazette, the “Boletim da Republica”. The majority shareholder is the government’s Institute for the Management of State Holdings (IGEPE), with 34 per cent. The fishing company Emopesca holds 33 per cent. 80 per cent of Emopesca is owned by the Mozambican state and 20 per cent by the Fisheries Promotion Fund, which is a state body.

The third EMATUM shareholder, with 33 per cent, is GIPS (Management of Investments, Holdings and Services), which is a limited company, but when it was set up, in January 2012, 70 per cent of its shares were held by the social services of the State Intelligence and Security Agency, SISE. A minority shareholder, Joia Haquirene, sold his 30 per cent to GIPS itself in March this year.

Borges said that, while the boats only cost 300 million dollars, the rest of the money would be spent on radar equipment, satellite communications, onshore installations, transfer of technology, licence fees, training, and the running costs and payment of interest on the loan for the first year.

He denied that there was any risk that EMATUM would default on its repayments and that the government would be obliged to bail it out.

A viability study had been undertaken which showed that the purchase of the boats was economically viable, the Minister stressed, From the second year of EMATUM’s operations onwards, the company would be able to pay for its own running costs and service its debt. Borges predicted that when the fleet is fully operational it will bring in revenue of 200 million dollars a year.

“We want to assure you that the fiscal risk has been taken care of”, he told the deputies.

Contrary to Renamo claims, there was nothing secretive about the deal, Borges added, since it was a public bond issue. Nor did it have anything to do with acquiring military equipment.

“Operations on this market do not provide military material”, Borges said, insisting that nothing in the bond issue was intended to purchase weaponry.

He said the patrol boats are not combat vessels, but would be equipped with state-of-the-art technology

to provide early warning of any threats.

The opposition was not convinced. Jose Manuel de Sousa, of the Mozambique Democratic Movement (MDM), said that, while he was all in favour of tuna fishing being done by Mozambican rather than foreign vessels, he queried the legality of the government's guarantee. He pointed out that it vastly exceeds the limits on government guarantees set by the 2013 budget law. Article 11 of that law sets a maximum limit to government guarantees of 183.5 million meticaïs (about 6.1 million US dollars).

Sousa noted that the EMATUM bond issue was equivalent to six per cent of Mozambique's gross domestic product, and that the government's Economic and Social Plan (PES) for 2013 did not mention acquiring a tuna fleet.

He added that the original bond issue was only for 500 million dollars. It was oversubscribed, and so EMATUM issued a further 350 million dollars worth. He calculated that the annual payments to the bondholders, in interest alone, will be 53.6 million dollars.

Renamo deputy Alberto Sabe claimed that EMATUM is run by SISE, and asked why an intelligence service should be involved at all.

But he overlaid his argument with rhetorical flourishes such as "your regime has come to its end". It was easy for Frelimo deputies to retort that all the evidence shows it is Renamo, and not Frelimo, that is coming to an end. Danilo Ragu predicted that next year, as general elections approach, a good number of Renamo deputies will defect to the MDM.

He described Renamo as split into three factions – those who are unconditionally loyal to Renamo leader Afonso Dhlakama, those who are still sitting on the fence, and those who have already decided to switch their allegiance to the MDM.

Summing up the debate, Prime Minister Alberto Vaquina said the government was determined to diversify the economy. Its strategy was for "an integrated and balance development of all the country's resources, so that the economy will still be viable after the minerals have been exhausted".

Currently tuna fishing in Mozambican waters is undertaken almost exclusively by foreign vessels. Of the 130 ships licensed to fish for tuna, only one flies the Mozambican flag. Furthermore, Vaquina believed that the catches by the 129 foreign ships are understated "because we are not able to undertake effective inspection".

The only benefit Mozambique currently obtains from tuna fishing is the million dollars a year paid in licence fees.

Vaquina thought that the fears that EMATUM would not be able to service its debt were unfounded. He pointed out that there were similar fears when, in 2007, Mozambique took a majority stake in HCB, the company that operates the Cahora Bassa dam on the Zambezi. This involved debt of 700 million dollars to a banking consortium.

Six years had passed, Vaquina said, and Mozambican had proved they could run the dam. Since the takeover, "there has been an enormous improvement in HCB's contribution to the economy. Mozambicans can do what others do just as well, or better".

(Source: AIM)



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